

# **TEXT OF PROPOSITION 10**

**SUBJECT TO COURT  
ORDERED CHANGES**

Prop 10

APPROVED AS TO FORM  
Legislative Counsel  
By                     

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure repeals and adds sections to the Civil Code; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

**PROPOSED LAW**

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## The Affordable Housing Act

¶ The People of the State of California do hereby ordain as follows:

All caps Section 1. Title.

¶ This Act shall be known, and may be cited, as "Affordable Housing Act." the

SEC. Section 2. Findings and Declarations.

¶ The People of the State of California hereby find and declare all of the following:

(a) Rents for housing have skyrocketed in recent years. Median rents are higher in California than any other state in the country, and among all 50 states, California has the 4<sup>th</sup> highest increase in rents. fourth

(b) Research by Apartment List indicates that the median rent for a one-bedroom apartment in California is \$1,410, an increase of 4.5% in just one year. A one-bedroom apartment in Los Angeles costs \$1,350 per month. In San Francisco, it costs \$2,450. In San Diego, the cost is \$1,560.

(c) The federal government has concluded that rent is not affordable if renters spend more than 30% of their income on housing costs. The State of California has found that more than half of California renter households (3 million) pay more than 30% and one-third of renter households (over 1.5 million) pay more than 50% of their income toward rent.

(d) According to the National Low Income Housing Coalition, a Californian earning minimum wage would have to work 92 hours per week in order to afford to rent an average one-bedroom apartment.

(e) More Californians (5.8 million households) are renting than ever before, because overall home ownership rates in California have fallen to their lowest level since the 1940s, according to the state. One quarter of older millennials (25-34 years of age) still live with their parents. (U.S. Census Bureau) en dash

(f) Statewide labor unions, such as California Nurses Association, Service Employees International Union, and the California Teachers Association, have made affordable housing a priority for their members. For example, teachers in California's urban centers are paying 40% to 70% of their salaries on housing and many are being forced to live an hour or more from their jobs in order to afford a home.

(g) Three times as many Californians are living in overcrowded apartments as compared to the U.S. as a whole. (U.S. Census Bureau)

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- (h) Even though the state represents only 12% of the total U.S. population, California is home to 22% of the nation's homeless population. (California Department of Housing and Community Development)
- (i) Homelessness is a major public health issue. People who are homeless are <sup>three</sup>3 to <sup>four</sup>4 times more likely to die prematurely and are more likely to have a communicable disease, according to the National Health Care for the Homeless Council.
- federal (j) The Centers for Disease Control and Prevention warn that vulnerable populations face lower life expectancy, higher cancer rates, and more birth defects when their homes are displaced due to the gentrification of their neighborhoods.
- Trusts (k) The increased cost of housing is worsening traffic congestion and harming the environment by forcing commuters to live farther away from their places of employment and increasing commute times. A report by the Pew Charitable Trust noted that the number of Californians who commute more than 90 minutes each way increased by 40% between 2010 and 2015; the increase is a direct result of the dearth of affordable housing near jobs.
- (l) A major factor in California's housing crisis is a 20-year-old law known as the Costa-Hawkins Rental Housing Act. Costa-Hawkins gives permission to landlords of residential apartments and houses to raise rents as much as they want in buildings built after 1995; despite local laws that would otherwise prohibit such increases, landlords in Los Angeles can raise rents as much as they want on buildings built after 1978 and in San Francisco, on buildings built after 1979. (Costa-Hawkins)
- (m) Costa-Hawkins also allows a landlord to raise the rent in any building built before 1995 to the market value when it becomes vacant, and lets the landlord decide what market value is.
- (n) Costa-Hawkins prevents cities from implementing laws that keep rents affordable for their residents.

SEC. **Section 3. Purposes and Intent.**

The People of the State of California hereby declare the following purposes and intent in enacting this Act:

- (a) To restore authority to California's cities and counties to develop and implement local policies that ensure renters are able to find and afford decent housing in their jurisdictions.
- (b) To improve the quality of life for millions of California renters and reduce the number of Californians who face critical housing challenges and homelessness.
- (c) To repeal the Costa-Hawkins Rental Housing Act.

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Sections 1954.50,  
1954.51, 1954.52, and  
1954.53

SEC.  
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**Section 4. Affordable Housing Act shall be codified by repealing the following sections of the Civil Code:**

Sections 1954.50, 1954.51, 1954.52 and 1954.53 of Chapter 2.7 of Title 5 of Part 4 of Division 3 of the Civil Code are repealed.

See  
"Attachment  
A"

SEC.  
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**Section 5. Affordable Housing Act shall be further codified by adding the following section to the Civil Code:**

A SEC. 5.1. Section 1954.54 is added to the Civil Code, to read:

**Section 1954.54.** (a) A city, county, or city and county shall have the authority to adopt a local charter provision, ordinance, or regulation that governs a landlord's right to establish and increase rental rates on a dwelling or housing unit.  
(b) In accordance with California law, a landlord's right to a fair rate of return on a property shall not be abridged by a city, county, or city and county.

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SEC.  
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**Section 6. Liberal Construction**

This Act shall be broadly construed to accomplish its purposes.

SEC.  
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**Section 7. Amendment and Repeal**

subdivision (c) of Section 10 of Article II

Pursuant to Article II, Section 10, Subdivision (c), of the California Constitution, the Legislature may amend this Act to further its purposes by a statute passed in each house by roll call vote entered in the Journal, two-thirds of the membership concurring, signed by the Governor. No statute restricting or eliminating the powers that have been restored by this Act to a city, county, or city and county to establish residential rental rates shall become effective unless approved by a majority of the electorate.

SEC.  
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**Section 8. Severability**

If any provision of this Act or the application thereof to any person or circumstances is held invalid, that invalidity shall not affect other provisions or applications of the Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SEC.  
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**Section 9. Conflicting Measures**

In the event that this Act and any other measure addressing the authority of local government agencies to establish residential rental rates shall appear on the same statewide election ballot, the provision of the other measure or measures shall be deemed to be in conflict with this Act. In the event that this Act receives a greater number of affirmative votes than another measure deemed to be in conflict with it, the provisions of this Act shall prevail in their entirety, and the other measure or measures shall be null and void.

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SEC.  
==**Section 10. Legal Defense**

Notwithstanding any other provision of law, if the ~~State~~, a government agency, or any of its officials fail to defend the constitutionality of this Act, following its approval by the voters, the proponents shall have the authority to intervene in any court action challenging the constitutionality of this Act for the purpose of defending its constitutionality, whether in state or federal court, and whether such action is in any trial court, on appeal, or on discretionary review by the Supreme Court of California or the Supreme Court of the United States. The reasonable fees and costs of defending the action shall be a charge on funds appropriated to the California Department of Justice, which shall be satisfied promptly. the

SEC.  
==**Section 11. Effective Date**

Except as otherwise provided herein, this ~~Act~~ shall become effective the day after its approval by the voters.

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SEC. 4.1. Section 1954.50 of the Civil Code is repealed.

~~1954.50. This chapter shall be known and may be cited as the Costa-Hawkins Rental Housing Act.~~

SEC. 4.2. Section 1954.51 of the Civil Code is repealed.

~~1954.51. As used in this chapter, the following terms have the following meanings:~~

~~(a) "Comparable units" means rental units that have approximately the same living space, have the same number of bedrooms, are located in the same or similar neighborhoods, and feature the same, similar, or equal amenities and housing services.~~

~~(b) "Owner" includes any person, acting as principal or through an agent, having the right to offer residential real property for rent, and includes a predecessor in interest to the owner, except that this term does not include the owner or operator of a mobilehome park, or the owner of a mobilehome or his or her agent.~~

~~(c) "Prevailing market rent" means the rental rate that would be authorized pursuant to 42 U.S.C.A. 1437 (f), as calculated by the United States Department of Housing and Urban Development pursuant to Part 888 of Title 24 of the Code of Federal Regulations.~~

~~(d) "Public entity" has the same meaning as set forth in Section 811.2 of the Government Code.~~

~~(e) "Residential real property" includes any dwelling or unit that is intended for human habitation.~~

~~(f) "Tenancy" includes the lawful occupation of property and includes a lease or sublease.~~

SEC. 4.3. Section 1954.52 of the Civil Code is repealed.

~~1954.52. (a) Notwithstanding any other provision of law, an owner of residential real property may establish the initial and all subsequent rental rates for a dwelling or a unit about which any of the following is true:~~

~~(1) It has a certificate of occupancy issued after February 1, 1995.~~

~~(2) It has already been exempt from the residential rent control ordinance of a public entity on or before February 1, 1995, pursuant to a local exemption for newly constructed units.~~

~~(3) (A) It is alienable separate from the title to any other dwelling unit or is a subdivided interest in a subdivision, as specified in subdivision (b), (d), or (f) of Section 11004.5 of the Business and Professions Code.~~

~~(B) This paragraph does not apply to either of the following:~~

~~(i) A dwelling or unit where the preceding tenancy has been terminated by the owner by notice pursuant to Section 1946.1 or has been terminated upon a change in the terms of the tenancy noticed pursuant to Section 827.~~

~~(ii) A condominium dwelling or unit that has not been sold separately by the subdivider to a bona fide purchaser for value. The initial rent amount of the unit for purposes of this chapter shall be the lawful rent in effect on May 7, 2001, unless the rent amount is governed by a different provision of this chapter. However, if a condominium dwelling or unit meets the criteria of paragraph (1) or (2) of subdivision (a), or if all the dwellings or units except one have been sold separately by the subdivider to bona fide purchasers for value, and the subdivider has~~

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occupied that remaining unsold condominium dwelling or unit as his or her principal residence for at least one year after the subdivision occurred, then subparagraph (A) of paragraph (3) shall apply to that unsold condominium dwelling or unit.

(C) Where a dwelling or unit in which the initial or subsequent rental rates are controlled by an ordinance or charter provision in effect on January 1, 1995, the following shall apply:

(i) An owner of real property as described in this paragraph may establish the initial and all subsequent rental rates for all existing and new tenancies in effect on or after January 1, 1999, if the tenancy in effect on or after January 1, 1999, was created between January 1, 1996, and December 31, 1998.

(ii) Commencing on January 1, 1999, an owner of real property as described in this paragraph may establish the initial and all subsequent rental rates for all new tenancies if the previous tenancy was in effect on December 31, 1995.

(iii) The initial rental rate for a dwelling or unit as described in this paragraph in which the initial rental rate is controlled by an ordinance or charter provision in effect on January 1, 1995, may not, until January 1, 1999, exceed the amount calculated pursuant to subdivision (e) of Section 1954.53. An owner of residential real property as described in this paragraph may, until January 1, 1999, establish the initial rental rate for a dwelling or unit only where the tenant has voluntarily vacated, abandoned, or been evicted pursuant to paragraph (2) of Section 1161 of the Code of Civil Procedure.

(b) Subdivision (a) does not apply where the owner has otherwise agreed by contract with a public entity in consideration for a direct financial contribution or any other forms of assistance specified in Chapter 4.3 (commencing with Section 65915) of Division 1 of Title 7 of the Government Code.

(c) Nothing in this section shall be construed to affect the authority of a public entity that may otherwise exist to regulate or monitor the basis for eviction.

(d) This section does not apply to any dwelling or unit that contains serious health, safety, fire, or building code violations, excluding those caused by disasters for which a citation has been issued by the appropriate governmental agency and which has remained unabated for six months or longer preceding the vacancy.

#### SEC. 4.4. Section 1954.53 of the Civil Code is repealed.

1954.53. (a) Notwithstanding any other provision of law, an owner of residential real property may establish the initial rental rate for a dwelling or unit, except where any of the following applies:

(1) The previous tenancy has been terminated by the owner by notice pursuant to Section 1946.1 or has been terminated upon a change in the terms of the tenancy noticed pursuant to Section 827, except a change permitted by law in the amount of rent or fees. For the purpose of this paragraph, the owner's termination or nonrenewal of a contract or recorded agreement with a governmental agency that provides for a rent limitation to a qualified tenant, shall be construed as a change in the terms of the tenancy pursuant to Section 827.

(A) In a jurisdiction that controls by ordinance or charter provision the rental rate for a dwelling or unit, an owner who terminates or fails to renew a contract or recorded agreement with a governmental agency that provides for a rent limitation to a qualified tenant may not set an initial rent for three years following the date of the termination or nonrenewal of the contract or agreement. For any new tenancy established during the three-year period, the rental rate for a



new tenancy established in that vacated dwelling or unit shall be at the same rate as the rent under the terminated or nonrenewed contract or recorded agreement with a governmental agency that provided for a rent limitation to a qualified tenant, plus any increases authorized after the termination or cancellation of the contract or recorded agreement.

(B) Subparagraph (A) does not apply to any new tenancy of 12 months or more duration established after January 1, 2000, pursuant to the owner's contract or recorded agreement with a governmental agency that provides for a rent limitation to a qualified tenant, unless the prior vacancy in that dwelling or unit was pursuant to a nonrenewed or canceled contract or recorded agreement with a governmental agency that provides for a rent limitation to a qualified tenant as set forth in that subparagraph.

(2) The owner has otherwise agreed by contract with a public entity in consideration for a direct financial contribution or any other forms of assistance specified in Chapter 4.3 (commencing with Section 65915) of Division 1 of Title 7 of the Government Code.

(3) The initial rental rate for a dwelling or unit whose initial rental rate is controlled by an ordinance or charter provision in effect on January 1, 1995, may not until January 1, 1999, exceed the amount calculated pursuant to subdivision (c).

(b) Subdivision (a) applies to, and includes, renewal of the initial hiring by the same tenant, lessee, authorized subtenant, or authorized sublessee for the entire period of his or her occupancy at the rental rate established for the initial hiring.

(c) The rental rate of a dwelling or unit whose initial rental rate is controlled by ordinance or charter provision in effect on January 1, 1995, shall, until January 1, 1999, be established in accordance with this subdivision. Where the previous tenant has voluntarily vacated, abandoned, or been evicted pursuant to paragraph (2) of Section 1161 of Code of Civil Procedure, an owner of residential real property may, no more than twice, establish the initial rental rate for a dwelling or unit in an amount that is no greater than 15 percent more than the rental rate in effect for the immediately preceding tenancy or in an amount that is 70 percent of the prevailing market rent for comparable units, whichever amount is greater.

The initial rental rate established pursuant to this subdivision may not substitute for or replace increases in rental rates otherwise authorized pursuant to law.

(d) (1) Nothing in this section or any other provision of law shall be construed to preclude express establishment in a lease or rental agreement of the rental rates to be applicable in the event the rental unit subject thereto is sublet. Nothing in this section shall be construed to impair the obligations of contracts entered into prior to January 1, 1996.

(2) If the original occupant or occupants who took possession of the dwelling or unit pursuant to the rental agreement with the owner no longer permanently reside there, an owner may increase the rent by any amount allowed by this section to a lawful sublessee or assignee who did not reside at the dwelling or unit prior to January 1, 1996.

(3) This subdivision does not apply to partial changes in occupancy of a dwelling or unit where one or more of the occupants of the premises, pursuant to the agreement with the owner provided for above, remains an occupant in lawful possession of the dwelling or unit, or where a lawful sublessee or assignee who resided at the dwelling or unit prior to January 1, 1996, remains in possession of the dwelling or unit. Nothing contained in this section shall be construed to enlarge or diminish an owner's right to withhold consent to a sublease or assignment.

(4) Acceptance of rent by the owner does not operate as a waiver or otherwise prevent enforcement of a covenant prohibiting sublease or assignment or as a waiver of an owner's rights

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~~to establish the initial rental rate, unless the owner has received written notice from the tenant that is party to the agreement and thereafter accepted rent.~~

~~(e) Nothing in this section shall be construed to affect any authority of a public entity that may otherwise exist to regulate or monitor the grounds for eviction.~~

~~(f) This section does not apply to any dwelling or unit if all the following conditions are met:~~

~~(1) The dwelling or unit has been cited in an inspection report by the appropriate governmental agency as containing serious health, safety, fire, or building code violations, as defined by Section 17920.3 of the Health and Safety Code, excluding any violation caused by a disaster.~~

~~(2) The citation was issued at least 60 days prior to the date of the vacancy.~~

~~(3) The cited violation had not been abated when the prior tenant vacated and had remained unabated for 60 days or for a longer period of time. However, the 60-day time period may be extended by the appropriate governmental agency that issued the citation.~~

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